



THE GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-9000

September 20, 1999

99-29

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Expansion of Ginnie Mae's Targeted Lending Initiative to Include Indian Lands and New Empowerment Zones

Ginnie Mae implemented an initiative in 1996 to help raise homeownership levels in central city areas (All Participants Memorandum 96-21, dated September 23, 1996). This effort, the "Targeted Lending Initiative", provides financial incentives for lenders to increase loan volumes in traditionally underserved areas. By increasing lender activity in these targeted areas, Ginnie Mae provides families and households with increased opportunities to achieve homeownership. In support of President Clinton's New Markets Initiative, Ginnie Mae has expanded its Targeted Lending Initiative to include census tracts that have 50% or greater Indian or Alaskan Native population. In addition, the 15 New Urban Empowerment Zones announced by Vice President Gore on January 8, 1999, are eligible for the Targeted Lending Initiative.

The expansion of Ginnie Mae's Targeted Lending Initiative will allow lenders to offer more competitive interest rates on mortgages for properties located in those areas.

Under the Targeted Lending Initiative, Ginnie Mae will reduce its guaranty fee by up to 50% when approved issuers originate (or purchase) eligible home mortgage loans in designated urban communities and on Indian or Alaskan Native lands around the nation and place them in Ginnie Mae pools. Issuers may combine these newly eligible loans and other targeted lending single family loans, other than manufactured housing loans, to meet the previously established targeted lending thresholds. The Ginnie Mae guaranty fee is reduced by one to three basis points on a pool, depending on the percentage of unpaid principal

balance of eligible loans in the pool at time of issuance. Eligible loans are FHA (including Section 248), HUD Section 184, VA, or Rural Housing Service loans on properties located in the eligible census tracts.

All Ginnie Mae single family issuers may participate in the Targeted Lending Initiative.